



Office of Grants and Local Services (OGALS)

Three Bids for Services and Construction Work for Nonprofit Grant Projects

FREQUENTLY ASKED QUESTIONS

- Q. When are three bids required before the nonprofit Grantee awards contracts for project services and construction work?**
- A. OGALS requires nonprofit Grantees to obtain three bids for services greater than \$5,000, and for construction work greater than \$25,000.

Volunteer labor and services, and use of Grantee's employees are exempt.

- Q. Why must nonprofit Grantees obtain three bids?**
- A. Nonprofit Grantees must select a contractor that will provide the best value for grant-funded project work, ensuring state funds are spent responsibly. "Best value" should be determined by price, quality of materials, equipment, and workmanship. These factors should be specified in invitation for bid documents and advertisements.

- Q. What are the basic steps for obtaining three bids for project services and construction work?**
- A. 1. To ensure that Bidders understand the required project elements, the nonprofit Grantee develops and provides each Bidder (potential contractor) with the same written invitation for bid describing the project work to be performed based on "Best Value" factors, Project Selection Criteria responses, Grant Scope, and Cost Estimate Form.

By signing the grant contract, the nonprofit Grantee agreed to meet the specific objectives as described in the competitive Project Selection Criteria Responses.

2. Solicit bids by contacting at least three potential contractors or by invitation for bids advertising, or a combination of both methods.
3. The nonprofit Grantee's Board of Directors evaluates the bids to determine which contractor will provide the best value and will meet project requirements. The evaluation process must ensure no conflict of interest. The nonprofit Grantee's Board of Directors need not necessarily accept the lowest bid, but a reasonable justification for the decision should be recorded in writing.

4. The Board of Directors selects a contractor and awards a contract.
5. For audit purposes, the nonprofit Grantee keeps records of Steps 1 – 4 above.

Q. For Steps 3 – 4 above, can the Board of Directors delegate responsibility to the Grantee's Authorized Representative to select contractors?

A. No. As the nonprofit organization's governing body, the Board of Directors must evaluate and select contractors.

Q. What if there are not three qualified bidders or there are other issues?

A. The nonprofit Grantee may request a waiver of the three-bid requirement. To request a waiver, the Project Contact must send a written request to the Project Officer assigned to the grant project and explain why a waiver is required. The waiver request should document the nonprofit Grantee's attempts to solicit three bids or other issues.

Q. Should the bids be sent to the Project Officer?

A. No. The nonprofit Grantee retains three-bid records for audit purposes.

Q. Do "change orders" require three new bids?

A. No.